

R E P O R T

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

JUNE 30, 2022 AND 2021

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

INDEX TO REPORT

JUNE 30, 2022 AND 2021

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows.....	8
Notes to Financial Statements	9 - 12
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	13
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14 – 15
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	16 – 19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	20
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22-23
SCHEDULE OF PRIOR YEAR FINDINGS.....	24



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

INDEPENDENT AUDITOR'S REPORT

December 6, 2022

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

Board of Directors
Louisiana Human Resources
Development Institute
1991 Wooddale Blvd.
Baton Rouge, LA 70806

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Louisiana Human Resources Development Institute (the Institute) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Human Resources Development Institute as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana Human Resources Development Institute and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

www.dhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Human Resources Development Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Human Resources Development Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Human Resources Development Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Human Resources Development Institute as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head as listed in the index to the report is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Louisiana Human Resources Development Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Duplantier, Sharpner, Hogan and Gruber, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
 STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash	\$ 54,291	\$ 11,238
Accounts receivable - grants	<u>49,191</u>	<u>63,091</u>
 TOTAL ASSETS	 <u>\$ 103,482</u>	 <u>\$ 74,329</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 30,980	\$ 21,299
Payroll taxes payable	12,392	6,128
Accrued payroll and benefits	<u>44,385</u>	<u>26,048</u>
Total liabilities	<u>87,757</u>	<u>53,475</u>

NET ASSETS:

Net assets without donor restrictions	<u>15,725</u>	<u>20,854</u>
Total net assets	<u>15,725</u>	<u>20,854</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 103,482</u>	 <u>\$ 74,329</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUES:		
Federal grants	\$ 849,671	\$ 726,282
State grants	25,000	-
Interest income	-	1,422
Total support and revenues	<u>874,671</u>	<u>727,704</u>
 EXPENSES:		
Program:		
WIOA	840,295	710,694
Child Care	25,000	-
Administrative	14,505	14,504
Total expenses	<u>879,800</u>	<u>725,198</u>
 Change in net assets	 (5,129)	 2,506
 Net assets - beginning of year	 <u>20,854</u>	 <u>18,348</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 15,725</u></u>	 <u><u>\$ 20,854</u></u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program		<u>Administrative</u>	<u>Total</u>
	<u>WIOA</u>	<u>Child Care</u>		
Audit	\$ 8,830	\$ -	\$ 170	\$ 9,000
Bank service fees	284	-	12	296
Child Care Assistance	-	25,000	-	25,000
Communications	6,298	-	123	6,421
Fringe benefits and payroll taxes	256,537	-	4,664	261,201
Insurance	884	-	16	900
Salaries	532,678	-	9,403	542,081
Staff Development	1,156	-	6	1,162
Supplies	4,308	-	84	4,392
Travel	29,320	-	27	29,347
Total	<u>\$ 840,295</u>	<u>\$ 25,000</u>	<u>\$ 14,505</u>	<u>\$ 879,800</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program</u>		
	<u>WIOA</u>	<u>Administrative</u>	<u>Total</u>
Audit	\$ 8,330	\$ 170	\$ 8,500
Bank service fees	580	12	592
Communications	6,013	123	6,136
Fringe benefits and payroll taxes	228,516	4,664	233,180
Insurance	739	15	754
Salaries	460,739	9,403	470,142
Staff Development	309	6	315
Supplies	4,131	84	4,215
Travel	1,337	27	1,364
	<hr/>	<hr/>	<hr/>
Total	\$ <u>710,694</u>	\$ <u>14,504</u>	\$ <u>725,198</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (5,129)	\$ 2,506
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	13,900	(5,309)
Increase (decrease) in:		
Accounts payable	9,681	(1,482)
Payroll taxes payable	6,264	1,494
Accrued payroll and benefits	<u>18,337</u>	<u>7,512</u>
Net cash provided by operating activities	43,053	4,721
Cash - beginning of year	<u>11,238</u>	<u>6,517</u>
CASH - END OF YEAR	<u>\$ 54,291</u>	<u>\$ 11,238</u>

SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ <u>-</u>	\$ <u>-</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide, multi-service worker assistance program. The assistance includes providing core and intensive Rapid Response services on a state-wide basis at times and locations determined by the Louisiana Workforce Commission, the employer and the needs of the affected workers. The Institute's staff is housed state-wide in Business and Career Solutions Centers (BCSC) in locations that will serve to cover all eight regions of the state. Services are offered 24/7 to meet the needs of employers, shift schedules, and affected workers. The overall goal of the Institute's services is to assist workers dislocated by mass layoffs, facility closures, and disasters in securing and retaining employment as quickly as possible. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program. This estimate is based on time spent between administrative and program functions of the staff.

The Institute's statements are presented in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14 – *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Net asset classes are reported in one of two asset classes – with donor restrictions and without donor restrictions. Net assets – without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets – with donor restrictions are limited by donor-imposed time and/or purpose restrictions. At June 30, 2022 and 2021, the Institute has no net assets with donor restrictions.

Support and Revenue:

The Institute receives as revenue and support grant revenues which management has determined are contributions. The Institute recognizes contributions when cash, securities, or other assets; an unconditional promise to give. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Support and Revenue: (Continued)

donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. All of the grant funds received by the Institute are reimbursable therefore all conditions have been met prior to receiving funds.

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provisions for federal or state income taxes have been recorded in the financial statements. Tax returns for the years ended June 30, 2019 through June 30, 2022 remain subject to examination by the taxing authorities.

Statements of Cash Flows:

For purposes of the statements of cash flows, the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represent amounts due from the grantor for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's individual retirement account. The Institute contributes at a rate of 10% of gross salary. All employees with 90 days of service are eligible to participate in the Plan. Employer contributions by the Institute were \$53,894 and \$47,014 for the years ended June 30, 2022 and 2021, respectively.

3. SICK LEAVE:

All employees of the Institute are entitled to 13 days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

4. ACCOUNTS RECEIVABLE - GRANTS:

As of June 30, 2022 and 2021, the Institute had receivables from a grantor agency in the amount of \$49,191 and \$63,091, respectively. These receivables represent the reimbursement of grant related expenses incurred and are deemed fully collectible.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Institute manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Institute's financial assets (cash and cash equivalents, and investments) as June 30, 2022 and 2021, reduced by amounts not available for expenses within one year of balance sheet date:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and equivalents	\$ 54,291	\$ 11,238
Accounts receivable - grants	49,191	63,091
Total financial assets	<u>103,482</u>	<u>74,329</u>
Less those unavailable for expenses within one year due:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 103,482</u>	<u>\$ 74,329</u>

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants passed through the Louisiana Workforce Commission. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

7. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Institute did not exceed the insured limit at June 30, 2022 and 2021.

8. RELATED PARTIES:

The Institute shares office space at no cost with the Louisiana Workforce Commission, sole source of revenue for the Institute. The annual estimated cost of this benefit has not been determined.

9. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on December 6, 2022 and determined that no events occurred that required disclosure.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
JUNE 30, 2022

Agency Head Name: Brenda Williams, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,203
Benefits - insurance	5,260
Benefits - retirement	6,220
Reimbursements	426
	<u>\$ 74,109</u>



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 6, 2022

Board of Directors
Louisiana Human Resources
Development Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Human Resources Development Institute (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a material weakness. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-01 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Louisiana Human Resources Development Institute's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Institute's response to the findings identified in our audit and described in the accompanying schedule of findings and question costs. The Institute's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Sharpness, Hogan and Gruber, LLP

New Orleans, Louisiana



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 6, 2022

Board of Directors
Louisiana Human Resources
Development Institute

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Louisiana Human Resources Development Institute's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct or material effect on each of the Louisiana Human Resources Development Institute's major federal programs for the year ended June 30, 2022. The Louisiana Human Resources Development Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Louisiana Human Resources Development Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2022.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

Basis for Opinion on Each Major Federal Program

We conducted our audit on compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Institute's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Institute’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *Uniform Guidance*.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness and significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-01 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-01 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Institute’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Institute’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Duplantier, Chapman, Hogan and Parker, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Agency/Pass-through Grantor/Program or Cluster Title	Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Total Awards <u>Expended</u>
U.S. Department of Labor, passed through Louisiana Workforce Commission			
Workforce Innovation and Opportunity Act (WIOA)	17.258	OCR #474-002330	\$ 849,671
Total Department of Labor			<u>849,671</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 849,671</u></u>

See accompanying notes to schedule of federal awards.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of the Louisiana Human Resources Development Institute under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flow of the Louisiana Human Resources Development Institute.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The schedule of expenditures of federal awards of the Louisiana Human Resources Development Institute has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Institute did not have any non-cash awards during the fiscal year.

3. INDIRECT COST RATE:

The Institute has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes no

Type of auditor's report issued on compliance for the major federal award programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Title 2 U.S. Code of Federal Regulations (CFR) section 200.516(a): yes no

Identification of major program:

<u>Name of Program</u>	<u>Assistance Listing Number</u>	<u>Expenditure</u>
Workforce Innovation and Opportunity Act (WIOA)	17.528	\$ 849,671

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2022-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS: (Continued)

SEGREGATION OF DUTIES: (2021-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.
<u>Status:</u>	This comment was repeated in the current year.

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JULY 01, 2021
THROUGH JUNE 30, 2022

LOUISIANA HUMAN RESOURCE DEVELOPMENT INSTITUTE

TABLE OF CONTENTS

FOR THE FISCAL YEAR JULY 01, 2021
THROUGH JUNE 30, 2022

	<u>PAGE</u>
AGREED-UPON PROCEDURES.....	1 – 12
MANAGEMENT’S RESPONSE	Appendix A



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JULY 1, 2021 THROUGH JUNE 30, 2022

December 1, 2022

Board of Directors
Louisiana Human Resource Development Institute
Louisiana Legislative Auditor

We have performed the procedures enumerated below which were agreed to by Louisiana Human Resource Development Institute (Institute) and the Louisiana Legislative Auditor, on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2021 through June 30, 2022. Louisiana Human Resource Development Institute's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Human Resource Development Institute has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 1, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software

patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- k) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

As a result of applying the above agreed-upon procedures, we noted the following related to the policies and procedures.

- Budgeting – No findings noted.
- Purchasing – procedures do not include how vendors are added to the vendor list, controls to ensure compliance with public bid law, and documentation required to be maintained for all bids and price quotes.
- Disbursements – No findings noted.
- Receipts/Collections – The Institute’s policies and procedures do not include procedures regarding recording and preparing deposits for receipts not directly deposited.
- Payroll/Personnel – No findings noted.
- Contracting – the Institute does not enter into any contracts; therefore they do not have contracting policy.
- Credit Cards – No findings noted.
- Travel and expense reimbursement – No findings noted.
- Ethics - the Institute does not have an Ethics policy.
- Information Technology Disaster Recovery/Business Continuity - the Institute does not have a policy for Information Technology Disaster Recovery/Business Continuity.
- Sexual Harassment – the Institute’s sexual harassment policy does not include information on employee training and annual reporting.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Upon applying the procedures above we noted that board meetings did not reference financial activity relating to public funds. No other findings noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

As a result of applying the above agreed-upon procedures, we noted that the bank accounts selected for testing did not include documentation reflecting the date that the reconciliations were prepared. As a result, we could not determine if the reconciliations were prepared within two months of the related statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We noted no findings as a result of applying the above agreed-upon procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

We noted no findings as a result of applying the above agreed-upon procedures.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We noted no findings as a result of applying the above agreed-upon procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the

same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

We noted no findings as a result of applying the above agreed-upon procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

We noted no findings as a result of applying the above agreed-upon procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

As a result of applying the above agreed-upon procedures, we noted that the employee responsible for processing payments is also responsible for adding/modifying vendor files.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We noted no findings as a result of applying the above agreed-upon procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We noted no findings as a result of applying the above agreed-upon procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

We noted no findings as a result of applying the above agreed-upon procedures.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether

management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

As a result of applying the above agreed-upon procedure, we noted one transaction under \$10 for postage that did not have a receipt or approval. No other findings were noted as a result of applying the above agreed upon procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted no findings as a result of applying the above agreed-upon procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

We noted no findings as a result of applying the above agreed upon procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Employee files do not contain authorized salaries or pay rates. Each employee is salaried and the salary range is defined within the WIOA grant budget for each position.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

We noted no findings as a result of applying the above agreed upon procedures.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

We noted no findings as a result of applying the above agreed upon procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

We noted no findings as a result of applying the above agreed upon procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

We noted no findings as a result of applying the above agreed upon procedures.

Fraud Notice

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We noted no findings as a result of applying the above agreed upon procedure.

22. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

As a result of applying the above agreed-upon procedure, we noted that the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was not posted on Louisiana Human Resources Development Institute's website.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the above agreed-upon procedures and discussed the results with management of Louisiana Human Resource Development Institute.

Sexual Harassment

24. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The Institute's grantor requires sexual harassment training ninety days from hire and annually by October 31st. None of the employees tested have had sexual harassment training as of December 1, 2022.

25. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We noted that the Institute's sexual harassment policy and complaint procedures are not included on their website.

26. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The Louisiana Workforce Commission, which is the State pass through agency for all federal funding, requires sexual harassment training. The Institute did not prepare the above referenced sexual harassment report.

We were engaged by Louisiana Human Resource Development Institute to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Human Resource Development Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Duplantier, Sharpner, Hogan and Oakes, LLP

New Orleans, Louisiana

APPENDIX A
MANAGEMENT'S RESPONSES

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
MANAGEMENT'S RESPONSES TO FINDINGS
JULY 1, 2021 – JUNE 30, 2022

1. Written Policies and Procedures

The Administrative Manual was designed specifically to cover the operations of the Institute and includes the information relevant to the personnel performing those operations.

2. Board or Finance Committee

Management will include discussion of financial activity relating to public funds in future meetings.

3. Bank Reconciliations

Management will include the date the account is reconciled on all bank reconciliations.

4. Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Annually we will provide a list of vendors to the board for their review.

5. Credit Cards

The Institute requires receipts and approval on all transactions. The item selected was for postage which was under \$10. A verbal approval was given for the purchase although the receipt was not retained. We will ensure all receipts are kept.

6. Payroll and Personnel

As mentioned in the finding each employee is salaried and that salary range is defined within the WIOA grant budget for each position.

7. Fraud Notice

We will include the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on our website

8. Sexual Harassment

We will include our sexual harassment policy and complaint procedure on our website.

Sexual harassment training is required by the Louisiana Workforce Commission. All sexual harassment training is completed by December 31st each year. We will complete a sexual harassment report for internal purposes at the end of each calendar year.